This book has exerted a continuing appeal since its original publication in 1970. It develops the theory of probability from axioms on the expectation functional rather than on probability measure, demonstrates that the standard theory unrolls more naturally and economically this way, and that applications of real interest can be addressed almost immediately. A secondary aim of the original text was to introduce fresh examples and convincing applications, and that aim is continued in this edition, a general revision plus the addition of chapters giving an economical introduction to dynamic programming, that is then applied to the allocation problems represented by portfolio selection and the multi-armed bandit. The investment theme is continued with a critical investigation of the concept of risk-freetrading and the associated Black-Sholes formula, while another new chapter develops the basic ideas of large deviations. The book may be seen as an introduction to probability for students with a basic mathematical facility, covering the standard material, but different in that it is unified by its theme and covers an unusual range of modern applications.

My Personal Review:
This book is a beautiful classic on algebraic formalization of Probability theory. The other approach is measure-theoretic formalization. This is a mathematics book, and the author adopted the most simple, intuitive explanation of the formalization I have come across.

Of all the books I have read on algebraic formalization of Probability, I have found this book the most simple and intuitive for the beginner. There are many intuitive examples which are linked to the theories developed in such a way that it easy to understand the concepts.

The book is abstract in nature, and is meant to introduce Probability theory from our intuitive assumptions, expectations and ideas. This book will give
you explanations to most of the ideas, assumptions and empirical foundation of Probability theory.

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